



Janet Napolitano
Governor

**ARIZONA DEPARTMENT
OF
GAMING**
Paul A. Bullis
Director

**ARIZONA DEPARTMENT
OF
LIQUOR**
Jerry A. Oliver Sr.
Director

Poker Tournaments

Charitable Gambling

Social Gambling

The purpose of this brochure, is to inform the public of Arizona Gambling Laws and how the laws apply to Poker Tournaments, Charitable Gambling, Social Gambling, Poker Runs, and other forms of gambling. This information is not intended to provide legal advice.

Definitions of Gambling

A.R.S. §§ 13-3301

4. "Gambling" or "gamble" means one act of risking or giving something of value for the opportunity to obtain a benefit from a game or contest of chance or skill or a future contingent event.

6. "Regulated gambling" means:

(b) Gambling to which all of the following apply:

- (i) It is operated and controlled in accordance with a statute, rule or order of this state or of the United States.
- (ii) All federal, state or local taxes, fees and charges in lieu of taxes have been paid by the authorized person or entity on any activity arising out of or in connection with the gambling.

(iii) If conducted by an organization which is exempt from taxation of income under [§ 43-1201](#), the organization's records are open to public inspection.

7. "Social gambling" means gambling that is not conducted as a business and that involves players who compete on equal terms with each other in a gamble if all of the following apply:

(a) No player receives, or becomes entitled to receive, any benefit, directly or indirectly, other than the player's winnings from the gamble.

(b) No other person receives or becomes entitled to receive any benefit, directly or indirectly, from the gambling activity, including benefits of proprietorship.

(d) Players "compete on equal terms with each other in a gamble" when no player enjoys an advantage over any other player in the gamble under the conditions or rules of the game or contest.

Benefit: includes anything of value or advantage, present or prospective.

Direct Benefit: includes taking a percentage of a pot, charging an entrance fee, or renting chairs or equipment to players.

Indirect Benefit: includes using gambling to attract customers to a bar or restaurant or increased food & beverage sales because of illegal gambling.

Poker Tournaments at Liquor Establishments

Liquor Licensees often contract the services of private gaming companies to provide the equipment (poker tabletops) and dealers to host the games (such as Texas Hold'Em) on particular nights, where the bar owners receive the benefit of additional customers, which normally increases food and beverage sales during the event. The gaming service providers must carefully design their rules and procedures of play so that there is no buy-in to play, no cover charge, and no requirement that patrons purchase items from the establishment. Players do not play with cash, nor do they receive cash for their winnings. The game play is set up so that patrons accumulate points and are eligible to receive non-monetary prizes

Poker Tournaments meeting the above criteria are considered legal; modification of these criteria can make the event illegal.

Charitable Gambling

Charitable Organizations are responding more than ever to those individuals and families in need. In such challenging times, charities depend more and more on donations. As a result, many charitable organizations are hosting Poker Tournaments.

Charitable gambling is run for the benefit of nonprofit organizations, although the nonprofit may not necessarily be the operator of the games. Some examples of charitable gambling are Monte Carlo Nights, Texas Hold Em' Poker Tournaments, Poker Runs, and 50-50 Raffles. The most popular form of charitable gambling is Texas Hold Em' Poker Tournaments.

Pitfalls Common to Charitable Poker Tournaments

1. The Charitable Organization cannot require a specified donation in order to participate in the Poker Tournament. In other words, even those who do not wish to donate must have an equal chance to play and win.
2. The game cannot have required Buy-ins or Re-buys.
3. A donor's ability to wager cannot depend on the size of their donation; in other words, a donor cannot gain additional wagers by contributing more money. (for example: a donor cannot purchase additional chips)

Social Gambling

As defined in the statute (above), social gambling involves only players playing against each other, as in a poker game. No one but the players can win any prize or money. The venue hosting the gambling cannot promote or profit from the gambling, either by charging a fee in order to play, charging a cover charge or requiring a minimum purchase, taking a percentage of the pot. If the venue promotes, advertises, or encourages the gambling activity, then any increase in sales would be an indirect benefit, rendering the gambling illegal.

Other Forms of Illegal Gambling

Poker Runs and 50/50 Drawings or Raffles

“Poker Runs” for charity (such as those staged by motorcycle or car clubs) amount to illegal gambling under Arizona Law. Poker Runs typically have a participant pay a registration fee or purchase cards or hands at various rally points. At the end of the run, a cash prize is usually awarded based on the hand received. Even if the contribution goes to a charitable cause, participants still pay money for the chance to win a prize, which makes the activity illegal gambling.

50/50 Drawings or Raffles, where the funds raised are split 50-50 between the fund-raisers and the winner, are also illegal gambling. Again, the participant is required to purchase tickets for a chance to win cash. Raffles are only permitted if they are conducted by tax-exempt organizations under very strict conditions set out in the statute. See A.R.S. §§13-3302, exclusions, subsections (b), 1,2,3,4.

Conclusion: Player Beware!

Gambling is heavily regulated in Arizona, and violation of Gaming laws can result in civil and/or criminal penalties. Groups who wish to participate in social or charitable gambling do so at their own risk, and are strongly advised to obtain independent legal advice to ensure that their event complies with the law.

For further information on Arizona Gambling laws, Attorney General Gambling Opinions, and Arizona State Regulatory Agencies check the following websites:

<http://www.azag.gov/consumer/agrforms.html> State Gambling Statutes

<http://www.azgaming.gov> Arizona Department of Gaming

or contact the Chief Enforcement Officer of the Arizona Department of Gaming at (602) 604-1801 or at e-mail: info@azgaming.gov